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UNCLAS SECTION 01 OF 02 ASUNCION 000745

SIPDIS

STATE FOR WHA/BSC, WHA/EPSC, EB/IFD/OMA  
STATE PASS TO USTR FOR SCRININ, LYANG  
USAID FOR AA/LAC ADOLFO FRANCO  
TREASURY FOR OSIA MAUREEN WAFER  
COMMERCE ITA SARAH COOK  
NSC FOR MIKE DEMPSEY  
SOUTHCOM FOR POLAD  
US SOUTHERN COMMAND MIAMI, FLORIDA

SENSITIVE

E.O. 12958: N/A

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SUBJECT: AMBASSADOR CALLS ON NEW MINISTER OF INDUSTRY AND  
COMMERCE WHO REAFFIRMS COMMITMENT TO IPR PROTECTION

REF: A) Asuncion 726

B) Asuncion 675

1. (U) Sensitive But Unclassified please protect accordingly.

2. (SBU) Summary: On May 31, Ambassador, Econcouns and Resident Enforcement Advisor (REA) called on new Minister of Industry and Commerce Raul Vera. Vera started off by assuring the Ambassador that he intended to follow the same policy directions as his predecessor (Ernst Bergen, now Minister of Finance), especially with respect to the protection of intellectual property rights. Discussions included Veras appreciation for the transformation of the Financial Intelligence Unit assisted by posts Resident Enforcement Advisor, his support for the INL-funded projects with the IPR enforcement unit and statistics center, and DOD assistance to publicize an IPR tip-line. Minister Vera came across as engaging and serious, and we expect the excellent relations weve had with the MIC to continue. Also discussed was a recent draft law imposing new requirements on airlines which runs counter to GOP policies favoring competition and the free market. End Summary.

3. (U) On May 31, Ambassador, Econcouns and Resident Enforcement Advisor (REA) called on new Minister of Industry and Commerce Raul Vera. Minister Vera included ed the new Vice Minister of Industry, Raul Cano, the Director of Intellectual Property, Astrid Weiler, and the two members of the IPR enforcement unit (UTE) in the meeting. As noted reftel, Minister Vera replaced former Minister Bergen, who became the Minister of Finance after the resignation of Dionisio Borda (reftels). Vera was the President of the Central Bank from late 2001 to late 2002, and spent the last few years doing consulting work in the Dominican Republic for the United Nations.

4. (SBU) Vera started off by assuring the Ambassador that he intended to follow the same policy directions as his predecessor, especially with respect to the protection of intellectual property rights. He noted that he had already met with two members of the Supreme Court and had a meeting scheduled for the following day with the Attorney General to build relationships and underscore the importance of close cooperation.

5. (SBU) The Ambassador described the excellent work of the REA in building up the capacity of Paraguays Financial Intelligence Unit (FIU). Vera had met with the FIUs director and said he was amazed at the tremendous difference between the dysfunctional FIU he knew as Central Bank President several years ago, and the well-trained and equipped unit that exists now. Vera said he fully supports the draft money laundering law before Congress and had discussed it with the President of the Supreme Court.

6. (SBU) The Ambassador and Minister Vera discussed the two INL-funded projects to support the UTE and the Ministrys statistical unit (CEPI). Vera strongly supports both and thanked the USG for its cooperation and resources. Ms. Weiler noted that the CEPI project is progressing and that the Attorney General supports the project, which will directly involve the Public Ministry in the collection of data on the status of prosecutions of IPR violators. She also expressed interest in pursuing IPR training that has as been discussed with Econcouns, and she relayed the Attorney Generals interest in arranging the training as well. UTE has up to 18 names for possible additions to the unit, but noted that work on the units office space needs to be completed before new personnel can come on board.

Engineering work is ongoing. Ambassador urged the MIC team to screen candidates to fill UTE vacancies now so that they could be vetted by a U.S. polygrapher scheduled to arrive in July.

17. (SBU) The Ambassador briefed Minister Vera on DODs MIST program of assistance with media campaigns. Post had had discussions with the previous Vice Minister of Industry about developing a marketing campaign for an IPR tip-line that the MIC had planned to establish. Vera expressed interest in continuing with the project.

18. (U) Vera expressed interest in having the next Joint Council on Trade and Investment (JCTI) meeting as soon as possible in order to preserve momentum. He noted his his concern about the enormous bilateral trade imbalance and expressed hope for measures that could facilitate greater Paraguayan exports.

19. (SBU) In a subsequent telcon, Ambassador expressed concern to Vera about a draft law passed by the Senate two days earlier which affects American Airlines and other carriers (N.B. The draft law imposes a requirement that the airlines pay travel agencies (6%) six percent or more of the value of tickets.) Ambassador stressed that this draft law is contrary to GOP stated objectives, as well as recent steps such as open skies agreements and allowing major increases in fuel prices, to foster free markets and greater competition. Ambassador noted that American Airlines had told him it was considering pulling out of the Paraguayan market. Ambassador noted that he had also raised this issue with the Presidents economic advisor Carlos Walde and Finance Minister Bergen, noting that AA is one of the GOPs larger taxpayers. Vera (as well as Walde lde and Bergen) agreed with the Ambassador that the draft bill runs counter to GOP policy to strengthen free markets and promote investments and they would attempt to prevent it from becoming law.

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Comment  
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110. (SBU) Minister Vera came across as engaging and serious, and we expect the excellent relations weve had with the MIC to continue. After the meeting, the new Vice Minister of Industry told Econcouns that he looked forward to maintaining the same close working relationship that existed with his predecessor, Jorge von Horoch (now Vice Minister of Economy at the Ministry of Finance).

KEANE